

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket Nos. D.T.E. 02-24 and D.T.E. 02-25
Responses to the Department's Fourth Set of Information Requests

Request No. DTE 4-22:

Refer to Exhibit FGE-MHC-5 (Electric) at 3. Please provide an additional description of the following service company expenses: (1) Amortization; (2) State and Federal Taxes; (3) Compensation expense; (4) Administrative Transfer expense; (5) Benefits expense; and (6) Customer Communication.

Response:

Please see the following descriptions of service company expenses referred to Exhibit FGE-MHC-5 (Electric) at 3:

- (1) Amortization - includes the amortization of the USC capital lease primarily related to office equipment and furniture and the amortization of several utility business systems (hardware and software) including: Customer Information System, Accounting System, Time and Billing system, EDI, Web Site and Work and Asset Management system.
- (2) State and Federal Taxes - includes the following items: Payroll related employer taxes, New Hampshire Business Enterprise tax, New Hampshire Business Profits tax, Federal Income Tax, and Deferred Federal and State income taxes.
- (3) Compensation Expense - includes compensation, expenses for the Company's Incentive compensation plans.
- (4) Administrative Transfer expense - this account is used to transfer to the balance sheet any over or under collected balances for collection in future billings.
- (5) Benefits expense - includes expenses for Pension and retirement plans, 401-K plan, health insurance, life insurance and employee education.
- (6) Customer Communications - includes costs for developing and printing the customer billing inserts and other customer information collateral.

Person Responsible: Mark H. Collin